

**立法會**  
**Legislative Council**

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(These minutes have been  
seen by the Administration and  
cleared with the Chairman)

Ref : CB2/BC/16/99

**Bills Committee on  
Employees' Compensation (Amendment) (No.2) Bill 2000**

**Minutes of Meeting  
held on Monday, 5 June 2000 at 1:00 pm  
in Conference Room B of the Legislative Council Building**

**Members Present** : Hon Kenneth TING Woo-shou, JP (Chairman)  
Hon David CHU Yu-lin  
Hon LEE Kai-ming, SBS, JP  
Dr Hon LUI Ming-wah, JP  
Hon Bernard CHAN  
Hon LAU Chin-shek, JP

**Members Absent** : Hon HO Sai-chu, SBS, JP  
Hon Cyd HO Sau-lan  
Hon LEE Cheuk-yan  
Hon CHAN Yuen-han  
Hon CHAN Wing-chan  
Hon LEUNG Yiu-chung  
Hon Andrew CHENG Kar-foo

**Public Officers Attending** : Mr K K LAM  
Principal Assistant Secretary for Education  
& Manpower (7)

Mrs Bernadette LAI  
Assistant Commissioner of Labour (Employees' Right and Benefits)

Mr LAI Ka-tong  
Senior Labour Officer (Employees' Compensation)

Ms Anastasia KWONG  
Senior Government Counsel

Mr LAI Yiu-kei, Samson  
Assistant Secretary for Education and Manpower

**Clerk in Attendance** : Miss Flora TAI  
Chief Assistant Secretary (2) 6

**Staff in Attendance** : Mr Arthur CHEUNG  
Assistant Legal Adviser 5

Mrs Shirley NG  
Senior Assistant Secretary (2) 9

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**I. Meeting with the Administration**

Funeral and medical attendance expenses

At the invitation of the Chairman, Principal Assistant Secretary for Education and Manpower (7) (PAS(EM)7) and Assistant Commissioner of Labour (Employees' Rights and Benefits) reported to the Bills Committee that the Labour Advisory Board (LAB) had divided views on the proposal of increasing the maximum amount of funeral and medical attendance expenses to \$50,000 and it was the LAB's consensus that the maximum amount should be \$35,000.

2. In response to the Chairman's enquiry, Senior Labour Officer (Employees' Compensation) (SLO(EC)) explained that medical attendance expenses would rarely be incurred in fatal cases and most of the expenses would be used for funeral service.

3. The majority of the members agreed that the maximum amount of funeral and medical attendance expenses payable by the employer in all fatal compensation cases be set at \$35,000, and that the Administration should introduce Committee Stage amendments (CSAs) accordingly. However, several members had expressed different views.

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4. Mr LUI Ming-wah expressed concern that the proposed increase from \$16,000 to \$35,000 still represented a substantial increase which might cause financial hardship to employers. Mr LUI asked whether the Administration had conducted any survey on the cost to arrange funeral service. SLO(EC) responded that payment of funeral and medical attendance expenses was also provided for under the Pneumoconiosis (Compensation) Ordinance (Cap. 360). The Labour Department had conducted a survey one and a half year ago on the cost to arrange funeral service for deceased employees and the amount ranged between \$35,000 and \$50,000. Mr LUI said that he understood that an ordinary funeral would only cost about \$8,000 to \$12,000. He queried whether there was any justification for proposing an increase of such magnitude. PAS(EM)7 pointed out that the word "burial" in the Employees' Compensation Ordinance (Cap. 282) was changed to "funeral" in the Bill. According to Chinese custom, a funeral included burial and funeral service. Mr LUI said that despite his reservation, he accepted the proposed increase from \$16,000 to \$35,000 because it was the LAB's consensus.

5. Mr LEE Kai-ming said that he was disappointed that the LAB was unable to reach a consensus of supporting the increase from \$16,000 to \$50,000. He pointed out that the family members would normally wish to hold a decent funeral for the deceased employee who died in an industrial accident. Mr LEE stressed that the amount of \$35,000 was at a low level and might not be adequate to hold a decent funeral for the deceased. However, he would reluctantly accept the proposed amount of \$35,000 as the LAB had divided views on the proposal of \$50,000.

6. Mr LAU Chin-shek expressed strong reservation on setting the maximum amount of the funeral and medical attendance expenses at \$35,000 only. He stressed that a funeral costing \$50,000 definitely would not be a luxury one. Mr LAU pointed out that many employers had strong resistance to increasing the maximum amount to \$50,000 because of the possible impact on the employees compensation insurance cost. He opined that Government should establish a central insurance system in order to fundamentally address the concern about financial burden of employees' compensation insurance cost on the employers. If a central insurance system was established, the premium collected could be used to finance training on industrial safety.

Employees' compensation insurance cost impact

7. Members noted that among the proposed improvements to the settlement of fatal compensation claims, the following proposals would have an impact on the cost of insurers underwriting employees' compensation insurance

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- (a) to make compensation for death payable in full to the family members of deceased employees; and
- (b) to require the employer to pay funeral and medical attendance expenses in all fatal compensation cases subject to a maximum amount.

8. In response to concern expressed by some members about the additional financial burden on employers arising from the above two proposals, SLO(EC) explained that when the proposals were first put forward for consultation in 1996, the insurance industry estimated that the above two proposals would likely lead to an increase of 1%-2% in the cost of insurers underwriting employees' compensation insurance. The insurance industry had re-assessed the impact on their cost arising from the proposals to improve the settlement of fatal compensation claims after the Bill was published in the Gazette in February 2000. According to their re-assessment, the cost impact for the following proposals would be -

- (a) to make compensation payable in full to family members of deceased employees 3.49%
- (b) to require the employers to pay funeral and medical attendance expenses in all cases
  - subject to a ceiling of \$35,000 0.41%
  - subject to a ceiling of \$50,000 0.63%

9. Mr LAU Chin-shek asked how the cost impact of increasing the maximum amount of funeral and medical expenses was arrived at. SLC(EC) responded that the cost impact was estimated on the assumption that the average number of fatal compensation cases was 160 per year.

10. SLO(EC) further informed members that when the insurance industry conducted the assessment in 1996 which took into account the compensation level in 1996, it was made in the context that insurers underwriting employees' compensation insurance had collected about \$3,000 million (1995 level) as gross premium. While the gross premium collected by employees' compensation insurance insurers dropped to about \$2,000 million in 1998, the levels of compensation under the Employees' Compensation Ordinance was adjusted upwards. If the insurers had to recoup the same amount of income from premium to meet the additional liabilities, an increase of 2% at the 1995/1996 level would be translated to around 3.5% at the 1998/1999 level.

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**II. Legislative timetable**

11. Members agreed that the Bills Committee would report to the House Committee on 16 June 2000, recommending resumption of the Second Reading debate on the Bill on 26 June 2000. In this connection, the deadline for giving notice to move CSAs would be 16 June 2000.

12. The meeting ended at 1:35 pm.

Legislative Council Secretariat

15 August 2000